

Message Text

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61
ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 FRB-01 OMB-01 TAR-01

SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 RSC-01 SIL-01 STR-01 TRSE-00 CIEP-01

CEA-01 DODE-00 PA-01 USIA-06 PRS-01 FEA-01 /074 R

DRAFTED BY EB/ORF/ICD/NHERRINGER:MW

APPROVED BY EB/ORF/ICD-JJINGERSOLL

EB/OT/CGP-DDUNFORD

EUR-RHARDING-SSTEINER

IO/CMD-RHINES-OIC-TDOUBLEDAY-BASS

STR-BSTEINBOCK (SUBS)

COMM-DSCHLECTY/BBLANKENHEIMER(SUB

AGRI/FAS-JHALLQUIST

TREAS-JJOHNSON

EB/ICD/ISM-MDUX

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R 171736Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY BONN

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, ENRG, UNCTAD, OECD

SUBJECT: INDEXATION OF COMMODITY PRICES

REF: BONN 251

1. PER REQUEST PARA 3 REFTEL, IT IS EXPECTED USDELS FROM
WASHINGTON ATTENDING JANUARY 23 OECD TCWP AND FEBRUARY 10
UNCTAD MEETING WILL INCLUDE MICHAEL DUX, CHIEF, INDUS-
TRIAL AND STRATEGIC MATERIALS DIVISION OF OFFICE OF INTER-
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NATIONAL COMMODITIES AND JOEL JOHNSON FROM TREASURY.

SEPARATE ACCREDITATION CABLE FOLLOWS.

2. US HAS NOT CHANGED ITS POSITION ON INDEXATION. THE US OPPOSES INDEXATION ON NUMBER OF POLICY AND PRACTICAL GROUNDS AND WE HAVE CONTINUED TO VOICE OUR PROBLEMS WITH INDEXATION IN THE VARIOUS FORA WHERE THE SUBJECT HAS BEEN DISCUSSED. VERY BRIEFLY, WE CONSIDER THAT INDEXATION WOULD INVOLVE EXTENSIVE INTERFERENCE WITH MARKET FORCES OF SUPPLY AND DEMAND; WOULD BE ECONOMICALLY INEFFICIENT, RISKING SIGNIFICANT MISALLOCATION OF RESOURCES AND WOULD CONTRIBUTE TO INFLATION. IN ADDITION TO THESE POLICY DIFFICULTIES WE HAVE SERIOUS DOUBTS THAT A PRACTICAL AND FEASIBLE SCHEME SERVING BOTH CONSUMER AND PRODUCER INTERESTS COULD BE NEGOTIATED AND IMPLEMENTED. US AGREES THAT ANY CONSIDERATION OF INDEXATION SCHEME FOR ANY PARTICULAR COMMODITY MUST TAKE INTO ACCOUNT BROADER QUESTIONS OF INDEXATION.

3. US IS PREPARING CAREFULLY FOR INDEXATION ISSUE WHICH WILL BE DISCUSSED AT UNCTAD COMMITTEE ON COMMODITIES. IN THIS CONNECTION WE WOULD APPRECIATE ANY ANALYTICAL INFORMATION INCLUDING STATISTICAL ANALYSIS, FRG HAS DEVELOPED ON SUBJECT OF INDEXATION, AND ITS IMPLICATIONS. KISSINGER

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Message Attributes

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Draft Date: 17 JAN 1975
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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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Review Date: 16 APR 2003
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Review Exemptions: n/a
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Review Markings:

Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

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